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ABSTRACT

Over 3,000,000 youths aged 16-24 fall into the category of unemployed or persons who are discouraged and no longer actively seeking work. This number accounts for more than half of the unemployment in the U.S. and represents a personal tragedy for the youths as well as a considerable loss of productivity for society while adding a drain on its resources. Although the problem is widespread throughout the country, it is greatest in urban areas and affects blacks at a higher rate than whites. Youths suffer from such severe joblessness because (1) they are new entrants to the labor market and lack experience and seniority; (2) their proportion in the total population has risen since the late 1950's; (3) they lack adequate training and job skills; (4) they encounter discrimination against their age and, if non-white, against their race as well; (5) the work they often can obtain is the lowest on the job scale; and (6) the increase in the minimum wage adversely affects their employment. To alleviate this situation, Congress enacted the Youth Employment and Training Act in 1977 as an amendment to the Comprehensive Employment and Training Act (CETA). The role of vocational education was not considered in this legislative action and needs to be defined. (Statistical tables are included in both the text and appendix.) (ELG)

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THE CHALLENGE OF YOUTH EMPLOYMENT IN URBAN AREAS

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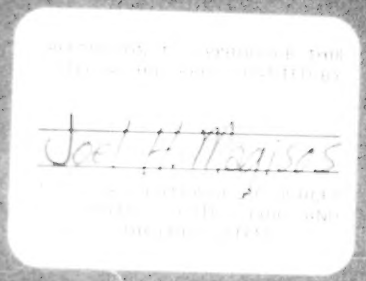

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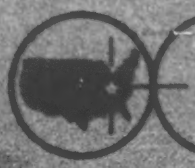

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REMARKS BY DR. LETITIA CHAMBERS

BEFORE THE

1978 NATIONAL LEADERSHIP CONFERENCE FOR LARGE CITY

VOCATIONAL EDUCATION

"YOUTH UNEMPLOYMENT -- INCIDENCE, CAUSES AND

CONGRESSIONAL ACTION"

APRIL 17, 1978

ONE HALF OF ALL UNEMPLOYED PERSONS IN THIS COUNTRY WHO ARE SEEKING WORK ARE YOUTHS AGED 16-24. THIS FIGURE IS PARTICULARLY STARTLING GIVEN THE FACT THAT YOUTHS MAKE UP ONLY ONE QUARTER OF THE CIVILIAN LABOR FORCE. THE YOUTH EMPLOYMENT RATE IS HIGH COMPARED TO HISTORICAL RATES IN THE UNITED STATES, AND IT IS HIGH COMPARED TO YOUTH UNEMPLOYMENT IN MOST OTHER INDUSTRIALIZED NATIONS.

TABLE I SHOWS YOUTH UNEMPLOYMENT IN 1977 BY NUMBERS AND PERCENTAGES:

TABLE 1. YOUTH UNEMPLOYMENT IN 1977 BY RACE, AGE AND SEX

	Number Unemployed (thousands)	Unemployment Rate (percent)
All Races		
16 to 19 years		
Males	861	17.3
Females	781	18.3
20 to 24 years		
Males	846	10.7
Females	732	11.2
Black and Other		
16 to 19 years		
Males	194	37.0
Females	173	39.9
20 to 24 years		
Males	202	21.7
Females	207	23.6

SOURCE: Bureau of Labor Statistics, Employment and Earnings, January 1978, Table 3.

THE UNEMPLOYMENT FIGURES IN TABLE I DO NOT INCLUDE DISCOURAGED WORKERS, THOSE WHO HAVE GIVEN UP LOOKING FOR WORK AND HENCE ARE NO LONGER COUNTED IN UNEMPLOYMENT DATA. THE BUREAU OF LABOR STATISTICS COUNTS ONLY THOSE WHO ARE ACTIVELY LOOKING FOR WORK AS UNEMPLOYED. IN THE FOURTH QUARTER OF 1977, THERE

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WERE APPROXIMATELY 204 THOUSAND YOUTHS WHO WERE COUNTED AS DISCOURAGED WORKERS. (THE DISCOURAGED WORKER FIGURES MAY BE LOW BY OVER 500,000 YOUTHS -- THE DIFFERENCE BETWEEN LABOR FORCE PARTICIPATION RATES AMONG WHITE AND NONWHITE YOUTHS.)

FOR THE 350,000 YOUTHS WHO ARE UNEMPLOYED OR DISCOURAGED WORKERS, PROLONGED PERIODS OF UNEMPLOYMENT RESULT IN LOST OPPORTUNITIES TO DEVELOP SKILLS AND WORK HABITS. THE LIFETIME IMPLICATIONS FOR THESE YOUTHS, MANY OF WHOM HAVE NEVER WORKED, OR HAVE WORKED ONLY SPORADICALLY, IS NOT ONLY A SERIOUS PROBLEM FOR THE INDIVIDUALS CONCERNED, BUT IS A SOCIETAL PROBLEM AS WELL. THERE IS GROWING CONCERN THAT MANY OF THOSE YOUTHS WHO ARE CUT OFF FROM THE LABOR MARKET THROUGH UNEMPLOYMENT WILL GO THROUGH THE TEENAGE AND YOUNG ADULT PERIOD WITHOUT MAKING THE NECESSARY TRANSITION FROM SCHOOL TO WORK. THOSE YOUTHS WHO EMERGE FROM THIS PERIOD AS ADULTS WITH NO EMPLOYMENT HISTORY AND FEW MARKETABLE JOB SKILLS MAY CARRY THEIR UNEMPLOYMENT INTO THEIR MIDDLE YEARS. THE PERSONAL TRAGEDY FOR THESE YOUTHS COULD BE OF GREAT MAGNITUDE. THESE YOUTHS ALSO REPRESENT A POTENTIAL LOSS TO SOCIETY. NOT ONLY WILL THEIR PRODUCTIVITY AND THEIR CONTRIBUTIONS BE LOST TO SOCIETY, BUT CONTINUED UNEMPLOYMENT POSES A DRAIN ON THE RESOURCES OF THE SOCIETY AS WELL.

WHILE YOUTH UNEMPLOYMENT IS WIDESPREAD, THERE ARE PARTICULAR GROUPS OF YOUTHS WITH ESPECIALLY HIGH UNEMPLOYMENT RATES. TABLE II REVEALS DIFFERENCES BETWEEN POVERTY AND NON-POVERTY FAMILIES AND BY RACE:

TABLE 2. UNEMPLOYMENT BY TYPE OF AREA AND RACE, AGES 16-19, 1976 AVERAGE

	Unemployment Rates (Percent)			Number Unemployed (thousands)		
	Total	White	Nonwhite	Total	White	Nonwhite
Total	19.0	16.9	37.1	1,701	1,357	344
Central City	23.4	18.8	40.8	535	338	197
Poverty	35.2	24.0	43.5	142	41	101
Nonpoverty	20.9	18.2	38.2	393	297	96
Suburbs	17.9	17.0	33.0	687	617	70
Poverty	28.0	21.4	42.3	46	24	22
Nonpoverty	17.4	16.9	30.0	641	593	48
Nonmetropolitan	16.9	15.4	32.6	479	402	77
Poverty	18.6	15.7	33.8	174	122	52
Nonpoverty	16.0	15.3	30.5	305	280	25

SOURCE: Bureau of Labor Statistics, unpublished data.

WHILE THE PERCENT OF UNEMPLOYMENT IS HIGHER IN THE CENTRAL CITIES, IT IS INTERESTING TO NOTE THAT THE TOTAL NUMBERS OF UNEMPLOYED YOUTH ARE ACUTALLY GREATER IN THE SUBURBS AND ARE ALSO HIGH IN RURAL AREAS. THE YOUTH UNEMPLOYMENT PROBLEM IS THUS NOT ONLY A CENTRAL CITY PROBLEM BUT IS SPREAD THROUGHOUT THE COUNTRY.

ACCORDING TO A SPECIAL SURVEY TAKEN IN THE SPRING OF 1976, THE UNEMPLOYMENT RATE FOR YOUTHS AGED 16-24 FROM POVERTY-INCOME FAMILIES WAS APPROXIMATELY 31%; ABOUT 25% OF THE TOTAL NUMBER OF UNEMPLOYED YOUTHS WERE FROM SUCH FAMILIES.

THE UNEMPLOYMENT RATE IS CONSIDERABLY HIGHER AMONG MINORITY GROUP YOUTHS. THE UNEMPLOYMENT RATE FOR BLACK TEENAGERS AVERAGED ABOVE 40% IN 1977. THIS GROUP COMPRISED 21% OF UNEMPLOYED TEENAGERS.

THIS UNEMPLOYMENT FIGURE MAY BE MISLEADING. BLACK YOUTHS HAVE A MUCH LOWER LABOR FORCE PARTICIPATION RATE THAN WHITE YOUTHS. IN 1977 UNEMPLOYMENT AVERAGED 38.3 PERCENT FOR MINORITY RACE TEENAGERS (41.1 PER CENT FOR BLACK TEENAGERS). DURING 1977, THE NUMBER OF NON-WHITE TEENAGERS INCLUDED IN THE OFFICIAL UNEMPLOYMENT COUNT WAS 367,000. IF ONE ASSUMED THAT ACTUAL UNEMPLOYMENT WAS LARGER BY THE DIFFERENCE IN LABOR FORCE PARTICIPATION RATES COMPARED WITH WHITE YOUTHS, AN ADDITIONAL 500 THOUSAND BLACK AND OTHER MINORITY YOUTHS WOULD BE INCLUDED AMONG THE JOBLESS. THE JOBLESSNESS DUE TO LOWER PARTICIPATION RATES FOR BLACK TEENAGERS WAS ACTUALLY LARGER THAN THE MEASURED UNEMPLOYMENT.

THE UNEMPLOYMENT SITUATION IN OCTOBER 1977 OF YOUTHS AGED 16-24 BY EDUCATIONAL ATTAINMENT IS SUMMARIZED IN TABLE 3. AS MIGHT BE EXPECTED, THE MORE EDUCATION PER GROUP, THE LOWER ITS UNEMPLOYMENT RATE:

TABLE 3. YOUTH UNEMPLOYMENT BY EDUCATION AND SCHOOL ENROLLMENT STATUS, OCTOBER 1977 (Ages 16-24)

	Number Unemployed (thousands)	Unemployment Rate (percent)
Not Enrolled in School	1,924	11.9
School Dropouts	680	20.4
High School Graduates	946	10.5
College 1-3 Years	189	7.7
College Graduates	107	8.0
Enrolled in School	947	13.0
Elementary and High School	626	17.8
College	322	8.6
TOTAL	2,871	12.2

SOURCE: Bureau of Labor Statistics, "Employment Situation for School Age Youth," January 6, 1978, Table 1.

THE CAUSES OF HIGH YOUTH UNEMPLOYMENT INCLUDE SEVERAL FACTORS ACCORDING TO THE CONGRESSIONAL BUDGET OFFICES.

A SUBSTANTIAL CAUSE IS THEIR STATUS AS NEW ENTRANTS OR REENTRANTS TO THE LABOR MARKET AND, TO A MUCH LESSER DEGREE, THEIR HIGHER RATES OF JOB CHANGING COMPARED TO MATURE WORKERS. UNEMPLOYMENT RATES FOR YOUTHS TEND TO BE MORE SENSITIVE TO THE BUSINESS CYCLE THAN THE OVERALL UNEMPLOYMENT RATE. WHEN FIRMS STOP HIRING DURING A RECESSION YOUTHS ARE DISPROPORTIONATELY AFFECTED. FURTHER, BECAUSE YOUTHS LACK EXPERIENCE AND SENIORITY, THEY TEND TO BE LAID OFF AHEAD OF OTHER WORKERS. DURING THE RECENT RECOVERY, UNEMPLOYMENT RATES FOR YOUTHS HAVE DECLINED SUBSTANTIALLY -- ALTHOUGH THEY ARE STILL MUCH HIGHER THAN THE RATES FOR OTHER WORKERS. THE UNEMPLOYMENT RATE FOR BLACK TEENAGERS HAS NOT DECLINED FROM THE RECESSION HIGH OF 1975.

DEMOGRAPHIC FACTORS HAVE ALSO AFFECTED YOUTH UNEMPLOYMENT RATES. BEGINNING IN THE LATE 1950s, THE SHARE OF TEENAGERS IN THE POPULATION EXPANDED SIGNIFICANTLY. THIS INCREASE IN THE YOUTH SHARE OF THE POPULATION IS ONE OF THE REASONS THAT YOUTH UNEMPLOYMENT RATES TODAY ARE SOMEWHAT HIGHER THAN THEY WERE DURING THE 1950s.

THE PROPORTION OF YOUTHS IN THE POPULATION (AGE 16-64) IS NOW NEAR A PEAK, AND HAS BEGUN TO DECLINE, IN THE CASE OF TEEN-

AGERS, AGE 16-19. HOWEVER, DEMOGRAPHIC CHANGES WILL BE SLOW IN AFFECTING YOUTH UNEMPLOYMENT -- NOT MUCH IMPROVEMENT CAN BE EXPECTED FROM THAT SOURCE BEFORE APPROXIMATELY 1980, ACCORDING TO THE CONGRESSIONAL BUDGET OFFICE.

ANOTHER REASON NOT TO EXPECT MUCH RELIEF TO UNEMPLOYMENT FROM DEMOGRAPHIC CHANGES SOON, IS THAT THE BLACK AND OTHER YOUTH POPULATION WILL CONTINUE TO INCREASE AS A SHARE OF THE YOUTH POPULATION.

A SIGNIFICANT PROPORTION OF YOUTHS, GENERALLY THE LEAST ADVANTAGED YOUTHS, FACE SPECIAL BARRIERS TO FIND JOBS. IN SOME INSTANCES, THESE BARRIERS INCLUDE INADEQUATE TRAINING AND LACK OF BASIC SKILLS. IN OTHER INSTANCES, LOCATION IN A POVERTY AREA WHERE FEW JOBS ARE AVAILABLE OR AGE ITSELF MAY PRECLUDE YOUTHS FROM CERTAIN JOBS -- SOMETIMES BECAUSE OF CHILD LABOR LAWS. DISCRIMINATION ON THE BASIS OF BOTH RACE AND AGE HAVE UNDOUBTEDLY AFFECTED YOUTH UNEMPLOYMENT OPPORTUNITIES.

INCREASES IN THE MINIMUM WAGE CAN ALSO MAKE IT MORE DIFFICULT FOR SOME OF THE LEAST SKILLED YOUTHS TO FIND JOBS. IN JANUARY THE BASIC MINIMUM WAGE WAS INCREASED FROM $2.30 TO $2.65; AND THIS INCREASE CAN BE EXPECTED TO CAUSE SOME LOSS OF JOBS FOR TEENAGERS. THE SIZE OF THE EFFECT IS DIFFICULT TO ESTIMATE, HOWEVER.

ANOTHER FACTOR AFFECTING YOUTH UNEMPLOYMENT IS THAT THE JOBS AVAILABLE TO MANY TEENAGERS ARE AT THE BOTTOM OF THE JOB SCALE. IN MANY SUCH JOBS, NEITHER THE EMPLOYER NOR THE EMPLOYEE HAS INCENTIVES TO DEVELOP LONG TERM RELATIONSHIPS. THE RESULT IS HIGH TURNOVER AND HIGH UNEMPLOYMENT, EVEN WHEN UNEMPLOYMENT IS LOW NATIONALLY.

YOUTH EMPLOYMENT IS OBVIOUSLY A SEVERE PROBLEM WITH SERIOUS RAMIFICATIONS FOR THE INDIVIDUALS INVOLVED AND THE ECONOMY AS A WHOLE. CONGRESS ACTED IN 1977 TO ALLEVIATE THE PROBLEM BY PASSING THE YOUTH EMPLOYMENT AND TRAINING ACT.

Several tables are included in the Appendix which outline the budgets for youth employment programs and give other data of interest such as the number of youths served and cost per participant.

The Congressional action to address unemployment among youths focused on programs to be administered by the Department of Labor and CETA prime sponsors. The youth bill which passed was an amendment to the Comprehensive Employment and Training Act. Throughout consideration of the youth employment problem, there was considerable discussion as to the most appropriate governance for a youth employment program. Several departments and program modes were considered and the final bill is a combination of most of the programs discussed. It is of interest to note that vocational education was never seriously discussed as the program agent for youth employment programs. Since the clientele to be served by the youth employment programs is similar to the clientele for vocational education, this appears to be either a remarkable oversight on the part of Congress or a lack of confidence in vocational education to deal with the problem.

If vocational educators feel that part of the solution to youth unemployment lies in vocational education, it is important to review the role (or lack of a role) which vocational educators played in shaping the Youth Employment and Training Act. An oral discussion of the development of youth legislation will be the prime focus of the keynote address. This paper has been prepared as background information to that address.

APPENDIX

(Compiled by the Congressional Budget Office)

TABLE 1. THE YOUTH TRAINING AND EMPLOYMENT BUDGET ($ in millions)

	<----------Actuals---------->				<------President's Estimates------>			
	1976		1977		1978		1979	
	BA	O	BA	O	BA	O	BA	O
Programs Exclusively for Youth								
Job Corps	140	181	274	202	417	274	296	376
Summer Youth	523	459	595	575	693	672	740	740
Young Adult Conservation Corps	30	19	233	(a)	217	144	217	307
Youth Incentive Entitlement Pilot Projects	--	--	115	(a)	107	46	107	148
Youth Community Conservation and Improvement Projects	--	--	115	(a)	107	74	107	140
Youth Employment and Training Programs	--	--	537	(a)	500	357	500	592
SUBTOTAL	693	659	1,869	777	2,041	1,567	1,967	2,303
Other Programs Serving Youth b/								
CETA Title I	901	968	959	896	959	964	1,034	990
CETA Titles II & VI	710	535	1,678	567	0	1,147	1,191	1,241
CETA Title III								
Migrant & Farmworkers	NA	31	NA	30	NA	36	NA	39
Native Americans	NA	27	NA	15	NA	18	NA	19
WIN	NA	52	NA	58	NA	58	NA	58
SUBTOTAL	1,611	1,613	2,637	1,566	959	2,223	2,225	2,347
TOTAL	2,304	2,272	4,506	2,343	3,000	3,790	4,192	4,650

a/ Less than $1 million.
b/ Includes only funds estimated to be spent on persons under the age of 22.

SOURCE: U.S. Department of Labor, Employment and Training Administration, Office of Administration and Management, Division of Budget Formulation and Analysis.

TABLE 2. AVERAGE UNIT COSTS OF YOUTH TRAINING AND EMPLOYMENT PROGRAMS ($)

	Cost Per Participant Fiscal Years			Cost Per Person-Year Fiscal Years		
	1977	1978	1979	1977	1978	1979
Programs Exclusively for Youth						
Job Corps	4,317	6,162	4,137	9,599	13,683	9,190
Summer Youth	595	680	740	2,380	2,718	2,961
Young Adult Conservation Corps	--	7,226	5,198	--	10,500	10,500
Youth Incentive Entitlement Pilot Projects	--	3,929	4,139	--	5,019	5,274
Youth Community Conservation and Improvement Projects	--	3,213	3,352	--	7,662	8,020
Youth Employment and Training Programs	--	1,931	2,023	--	5,721	5,994
Other Programs Serving Youth						
CETA Title I	1,471	1,548	1,626	4,027	4,398	4,515
CETA Titles II & VI	4,449	4,692	4,851	8,429	8,900	9,200
CETA Title III a/						
Migrants and Farmworkers	2,280	2,389	2,501	12,700	13,310	13,932
Native Americans	1,344	1,409	1,474	3,036	3,182	3,330
WIN a/	3,150	3,301	3,456	9,670	10,134	10,608

a/ Estimates based on Department of Labor data and CBO assumptions.

SOURCE: U.S. Department of Labor, Employment and Training Administration, Office of Administration and Management, Division of Budget Formulation and Analysis.

TABLE 3. ESTIMATED PARTICIPANTS IN YOUTH TRAINING AND EMPLOYMENT PROGRAMS (persons in thousands)

	Fiscal Years			
	1976	1977	1978	1979
Programs Exclusively for Youth				
Job Corps	45	47	44	91
Summer Youth	772	1,000	988	1,000
Young Adult Conservation Corps	14	NA	20	59
Youth Incentive Entitlement Pilot Projects	0	NA	12	36
Youth Community Conservation and Improvement Projects	0	NA	23	42
Youth Employment and Training Programs	0	NA	185	293
SUBTOTAL	831	1,047	1,272	1,521
Other Programs Serving Youth				
CETA Title I	731	610	623	609
CETA Titles II & VI	124	127	244	256
CETA Title III				
Migrants and Farmworkers	19	13	15	16
Native Americans	29	10	13	13
WIN	16	18	18	17
	919	778	913	911
TOTAL	1,750	1,825	2,185	2,432

SOURCE: U.S. Department of Labor, Employment and Training Administration, Office of Administration and Management, Division of Budget Formulation and Analysis.

TABLE 4. ESTIMATED PERSON-YEARS FUNDED IN YOUTH TRAINING AND EMPLOYMENT PROGRAMS (persons in thousands)

	Fiscal Years			
	1976	1977	1978	1979
Programs Exclusively for Youth				
Job Corps	20	21	20	41
Summer Youth	225	250	247	250
Young Adult Conservation Corps	—	--	14	29
Youth Incentive Entitlement Pilot Projects	—	--	9	28
Youth Community Conservation and Improvement Projects	—	--	10	17
Youth Employment and Training Programs	—	--	62	99
SUBTOTAL	245	271	362	464
Other Programs Serving Youth				
CETA Title I	256	222	239	219
CETA Titles II & VI	65	67	129	135
CETA Title III				
Migrants and Farmworkers	3	2	3	3
Native Americans	7	5	6	6
WIN	5	6	6	5
SUBTOTAL	336	302	383	368
TOTAL	581	573	745	832

SOURCE: U.S. Department of Labor, Employment and Training Administration, Office of Administration and Management, Division of Budget Formulation and Analysis.

TABLE 5. NEW YOUTH PARTICIPANTS IN EMPLOYMENT AND TRAINING PROGRAMS, FISCAL YEAR 1975 TO 1977 (THOUSANDS)

Employment and Training Programs	1975 a/ Youths	1975 a/ Percent Youth	1976 Youths	1976 Percent Youth	1977 Youths	1977 Percent Youths
Title I	638.3	62	905.1	57	621.6	51
Title II	48.2	24	54.9	22	b/	b/
Title III						
Migrants/Farmworkers c/	c/	c/	11.6	48	11.4	48
Native Americans c/	c/	c/	7.9	45	14.5	29
Summer Youth	754.9	100	888.0	100	1,000.0	100
Title IV						
Job Corps	45.8	100	44.0	100	45.5	100
Title VI	30.8	22	110.0	22	177.3 b/	20
WIN	159.5	19	3.3	17	14.8	16
Total New Youth Participants	1,677.5 d/	51 d/	2,024.8	61	1,885.1	57

NOTE: Youth defined as under 22 years old.

a/ Calendar year 1975.

b/ An emergency supplemental appropriation merged Titles II and VI of CETA for the purpose of extending Title VI positions beyond their expiration date of December 31, 1975.

c/ Disaggregated data not available. During calendar year 1975 there were 140,000 new enrollees in the Migrant and Seasonal Farmworkers program, 50,000 in the Native Americans program, and 100,000 participants in the Job Opportunities Program.

d/ Not including youth participants in Migrants, Native Americans, or Job Opportunities Program.

SOURCE: Unpublished Department of Labor data.